



BOARD CHARTER

1. INTRODUCTION

The Board of Directors (“the Board”) is accountable and responsible for the performance and affairs of Talam Transform Berhad (“the Company” or “TTB”), including practicing a high level of good governance. All Board members are expected to show good stewardship and act in a professional manner, as well as upholding the core values of integrity and enterprise with due regard to their fiduciary duties and responsibilities.

2. PURPOSE

This Board Charter sets out the role, functions, composition, operation and processes of the Board and is to ensure that all Board members acting on behalf of the Company are aware on their duties and responsibilities as Board members.

This Board Charter would act as a source of reference and primary induction literature to provide insights to prospective Board members and senior management. In addition, it will assist the Board in the assessment of its own performance and of its individual Directors.

3. THE BOARD

3.1 Board Membership

3.1.1 Composition

The Board consists of qualified individuals with diverse set of skills, experience and knowledge necessary to govern the Company. The composition and size of the Board is such that it facilitates the decision making of the Company.

The Article of Association of the Company provides for a minimum of two (2) directors and a maximum of twelve (12) directors. At any one time, at least two (2) or one-third (1/3), whichever is higher, of the Board members are Independent Directors. The Independent Directors provide independent judgment, experience and objectivity without subordinated to operational considerations. They help to ensure that the interests of all shareholders are indeed taken into account by the Board and that the relevant issues are subjected to objective and impartial consideration by the Board. The tenure of an Independent Director shall not exceed a cumulative terms of nine (9) years. However, upon completion of the nine (9) years, they are allowed to be re-appointed as an Independent Director, subject to shareholders’ approval on a yearly basis.

The Board shall appoint a Senior Independent Director who will also attend to any query or concern raised by shareholders.

The composition and size of the Board are reviewed from time to time to ensure its appropriateness.



3.1.2 Appointments and Re-election

The appointment of a new Director is a matter for consideration and decision by the full Board, upon the recommendation from the Nomination Committee (“NC”) and Remuneration Committee (“RC”).

In making these recommendations, the NC will consider the required mix of skills, experience and diversity, including gender, ethnic, race and age, where appropriate, which the Director should bring to the Board.

The Articles of Association of the Company provides that every newly appointed Director be subjected to re-election at the immediate Annual General Meeting (“AGM”). Further, one third (1/3) of the Board shall retire from office and be eligible for re-election at every AGM, and all the Directors shall submit themselves for re-election at least once every three (3) years.

Directors over seventy years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.

The re-appointment of an Independent Director who has served for a cumulative term of more than nine (9) years, to continue serving in the same capacity, will require the Board of Directors to justify, recommend and seek shareholders’ approval in order for that individual to continue as such, on a yearly basis.

3.1.3 Independence of Director

The Board assesses the independence of the Directors annually by taking into consideration of their disclosed interests and having regard to the criteria for assessing the independence of Directors under the annual Board Assessment. A separate assessment for Independent Directors is also undertaken annually.

3.1.4 New Directorship

All Board members shall notify the Chairman of the Board before accepting any new directorship. The notification shall include an indication of time that will be spent on the new appointment.

The Chairman shall also notify the Board if he has any new directorship or significant commitments outside the Company.

3.2 **Board Role**

3.2.1 Duties and Responsibilities

The Board assumes, amongst others, the following duties and responsibilities:-

- (1) reviewing and adopting the overall strategic plans and programmes for the Company and its subsidiaries (“the Group”);



- (2) overseeing and evaluating the conduct of business of the Company and the Group;
- (3) identifying principal risks and ensuring implementation of a proper risk management system to manage such risks;
- (4) establishing a succession plan;
- (5) developing and implementing a shareholder communication policy for the Company; and
- (6) reviewing the adequacy and the integrity of the management information and internal control system of the Company and the Group.

3.2.2 Matters Reserved for the Board

The following are matters which are specifically reserved for the Board:-

- (1) approval of corporate plans and programmes;
- (2) approval of annual budgets, including major capital commitments;
- (3) approval of new ventures;
- (4) approval of material acquisitions and disposals of undertakings and properties;
- (5) changes to the management and control structure within the Company and the Group, including key policies, delegates and authority limits.

3.3 Chairman and Executive Director

The Board ensures that its Chairman is a non-executive member of the Board.

The role of the Non-Executive Chairman and the Executive Director are distinct and separate to ensure there is a balance of power and authority. The Chairman is responsible for the leadership, effectiveness, conduct and governance of the Board, while the Executive Director has overall responsibility for the day-to-day management of the business and implementation of the Board's policies and decisions. The Executive Director is responsible to ensure due execution of the strategic goals, effective operation within the Company, and to explain, clarify and inform the Board on matters pertaining to the Company.

The responsibilities of the Chairman, amongst others, are as follows:-

- (1) to lead the Board and ensure its effectiveness of all aspects of its role;
- (2) to ensure the efficient organization and conduct of the Board's function and meetings;
- (3) to facilitate the effective contribution of all Directors at Board meetings;



- (4) to promote constructive and respectful relations between Directors, and between the Board and Management; and
- (5) to ensure effective communication with shareholders and relevant stakeholders.

The responsibilities of the Executive Director, amongst others, are as follows:-

- (1) to develop and implement corporate strategies for the Group;
- (2) to supervise heads of divisions and departments who are responsible for all functions contributing to the success of the Group;
- (3) to ensure the efficiency and effectiveness of the operation for the Group;
- (4) to assess business opportunities which are of potential benefit to the Group; and
- (5) to bring material and other relevant matters to the attention of the Board in an accurate and timely manner.

3.4 **Board Committees**

The Board may from time to time establish Committees as is considered appropriate to assist in carrying out its duties and responsibilities. The Board delegates certain functions to the following Committees to assist in the execution of its responsibilities:-

- (i) Executive Committee;
- (ii) Audit Committee;
- (iii) Nomination Committee; and
- (iv) Remuneration Committee.

The Committees shall operate under clearly defined terms and reference. The Committees are authorised by the Board to deal with and to deliberate on matters delegated to them within their terms of reference. The Chairman of the respective Committees reports to the Board on the outcome of the Committee meetings and such reports or minutes will be included in the Board papers.

3.5 **Board Meetings**

The Board shall conduct at least five (5) scheduled meetings annually, with additional meetings to be convened as and when necessary.

All Directors will be provided with the performance and progress reports on a timely basis prior to the scheduled Board meetings. A full Agenda of the meeting and all Board papers, including complicated issues or specific matters, would be distributed in advance to ensure Directors are well informed and have the opportunity to seek additional information, and are able to obtain further clarification from the Company Secretary, should such a need arise. Where necessary, the services of other senior management or external consultants will be arranged to brief and help the Directors clear any doubt or concern.



3.6 Financial Reporting

In presenting the annual financial statements and quarterly announcements to the shareholders, including other price sensitive public reports and reports submitted to regulators, the Board aims to present a balanced and understandable assessment of the Group's position and prospects.

The Board ensures that the financial statements are prepared in accordance with the Companies Act, 1965 and applicable approved accounting reporting standards, so as to give a true and fair view of the state of affairs of the Company and the Group.

3.7 Directors' Remuneration

The remuneration policy of the Company is to retain and motivate high calibre Executive Directors by appropriate reward. These are entrenched in the remuneration policy for Executive Directors, which are reviewed annually by the RC.

The performance of Executive Directors are measured by the Executive Directors' contribution and commitment to both the Board and the Company. The Executive Directors' remuneration will depend on the performance of the Group and the achievement of the goals (including quantified organizational targets, Key Performance Index and/or personal achievement).

In the case of Non-Executive Directors, the level of remuneration reflects the contribution and level of responsibilities undertaken by the particular Non-Executive Director.

3.8 Directors' Training and Continuing Education

In addition to the Mandatory Accreditation Programme as required by the Bursa Malaysia Securities Berhad ("Bursa Malaysia"), the Directors shall continue to update their knowledge and enhance their skills through appropriate continuing education programmes and life-long learning. This will enable Directors to effectively discharge their duties and sustain active participation in the Board deliberations.

The Board shall assess the training needs of the Directors from time to time.

4. COMPANY SECRETARY

The Company Secretary plays an important advisory role and is a source of information and advice to the Board and Committees on issues relating to compliance with laws, rules, procedures and regulations affecting the Company and Group.

The Board shall appoint someone who is capable of carrying out the duties to which the post entails, and the removal of the Company Secretary shall be a matter for the Board as a whole. The Company Secretary shall be of a senior position with adequate authority and shall report directly to the Board.



The seven (7) specific responsibilities of the Company Secretary are as follows:-

- (1) advise the Board and Management on governance issues;
- (2) ensure compliance of listing and related statutory obligations;
- (3) attend Board, Committees and general meetings, and ensure the proper recording of minutes;
- (4) ensure proper upkeep of statutory registers and records;
- (5) assist Chairman in the preparation for and conduct of meetings;
- (6) assist Chairman in determining the annual Board plan and the administration of other strategic issues; and
- (7) assist in the induction of new directors, and continuously update the Board on changes to listing rules, other related legislations and regulations.

5. **INVESTOR RELATIONS AND SHAREHOLDERS COMMUNICATION**

The Board shall place great importance in ensuring the high standards of transparency and accountability in its communication to shareholders, as well as to potential investors, analysts and the public. The shareholders shall be informed of all material matters affecting the Company and the Group.

The ways of communication to shareholders and investors, amongst others, are as follows:-

- (a) timely announcements and disclosures made to Bursa Malaysia which includes quarterly financial results, material contract awarded, changes in the composition of the Group and any other material information that may affect investors' decision making;
- (b) press conference which is normally held after each Company's AGM and/or Extraordinary General Meeting to provide the media an opportunity to receive an update from the Board on the proceedings at the meetings and to address any queries or areas of interest of the media;
- (c) make available of the summary of the Group's investor relations activities during the financial year and additional corporate information and/or disclosures of the Group for reference on the website.

The AGM is the principal forum for dialogues with shareholders. At each AGM, the Board also encourages shareholders to participate in the question and answer session at the AGM.



6. **ACCESS TO INFORMATION AND INDEPENDENT ADVICE**

The Directors, collectively or individually, may seek independent professional advice and information in the furtherance of their duties at the Company's expense, so as to ensure the Directors are able to make independent and informed decisions.

7. **CODE OF ETHICS AND CONDUCT**

The TTB Code of Ethics and Conduct ("the Code") is to be observed by all Directors and employees of the Group, and the core areas of conduct under the Code include the following:-

- (i) conflict of interest;
- (ii) confidential information;
- (iii) inside information and securities trading;
- (iv) protection of assets;
- (v) business records and control;
- (vi) compliance to the law;
- (vii) personal gifting and contribution;
- (viii) health and safety;
- (ix) sexual harassment;
- (x) outside interest;
- (xi) fair and courteous behavior; and
- (xii) misconduct.

The Board will review the Code regularly to ensure that it continues to remain relevant and appropriate.

8. **REVIEW OF THE BOARD CHARTER**

The Board Charter has been adopted by the Board on 13 December 2012. Any subsequent amendment to the Charter can only be approved by the Board.

The Board Charter will be periodically reviewed and updated in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's responsibilities.

The Board Charter is made available for reference in the Company's website at www.ttransform.com.my.